

Approved:
Date: 2-19-02

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on February 12, 2002 in Room 234 N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department
Ken Wilke, Office of the Revisor of Statutes
JoAnn Bunten, Committee Secretary

Conferees appearing before the committee:

Franklin Nelson, State Bank Commissioner

Others attending: See attached list.

Hearing and Final Action on:

SB 470 –Bank Commissioner; certain positions in the unclassified service

Franklin Nelson, State Bank Commissioner, testified before the Committee in support of **SB 470** which would authorize the State Bank Commissioner to appoint Regional Managers and Financial Examiner Administrators within the Office of the State Bank Commissioner. Mr. Nelson noted that the bill would require these positions be placed in the unclassified service, have special training and qualifications, serve at the pleasure of the Commissioner, and receive compensation fixed by the Commissioner and approved by the Governor. Mr. Nelson pointed out that these unclassified appointments would only be made when a classified position opened and available to convert to an unclassified job. A chart showing the salary ranges was explained by the Commissioner that was attached to his written testimony. (Attachment 1)

Salary ranges of employees and the fiscal note of the bill were discussed by the Committee, and it was pointed out that no State General Fund expenditures would be affected as the agency's budget is supported entirely through its fee funds.

There were no opponents to the bill.

Senator Feleciano made a motion to change the effective date of SB 470 to Kansas Register, and that the Committee recommend SB 470 as amended favorable for passage, seconded by Senator Teichman. The motion carried.

Adjournment

The meeting was adjourned at 10:15 a.m. The next meeting is scheduled for February 13, 2002.

STATE OF KANSAS
BILL GRAVES
GOVERNOR

Franklin W. Nelson
Bank Commissioner

Judi M. Stork
Deputy Bank Commissioner



Sonya L. Allen
General Counsel

Kevin C. Glendening
*Deputy Commissioner
Consumer and Mortgage Lending*

OFFICE OF THE
STATE BANK COMMISSIONER

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

February 12, 2002

Madame Chair and Members of the Committee:

My name is Franklin Nelson. I am the Bank Commissioner for the State of Kansas. I am here today to request your favorable consideration of SB 470. This bill creates a new statute and allows for the bank commissioner to appoint regional managers and financial examiner administrators in the unclassified service.

By way of background, let me tell you about our recent initiatives relating to the structure of our examining personnel. We have had numerous problems during the last several years relating to the retention of our examining staff. During the last year and one-half we have worked with the Division of Personnel Services who did a comprehensive classification study. One of the end results of this cooperative effort provided for the consolidation of five levels of financial examiners into three levels. As you can see on the charts that I have attached to my testimony, the lowest two ranges of examiners were consolidated into the new position titled Financial Examiner. The middle range examiner was changed to a Financial Examiner Senior. The top two ranges of examiners were consolidated into the Financial Examiner Principal. The individuals contained in this upper range of examiners are the focus of my discussion today. Under the old system, the individuals contained in the Financial Examiner IV class were the senior, seasoned examiners who took primary

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responsibility at the examination of our financial entities. The individuals who were in the Financial Examiner V class, divided into two groups – the Field Office Supervisors and the Review Examiners. The Field Office Supervisors are responsible for supervising a crew of field examiners at our field office locations throughout the state. The Review Examiners are responsible for caseloads of financial entities here within the main office.

With all this background in mind, it is our proposal to create an unclassified regional manager position that will perform duties similar to the field office supervisor, but with increased regional managerial duties. The creation of this position in the unclassified service allows for more flexibility. It will allow us to deploy agency personnel as supervisory needs and circumstances dictate.

There also exists a concern that the current supervisors and those under their supervision are now in the same class – Financial Examiner Principal. This concern will be magnified if a current supervisor leaves their job and we need to have someone assume those supervisory duties. Since those most likely to succeed to the position are already on the same pay range, no additional monies can be paid to an individual to assume the job and the additional supervisory duties. It is unlikely qualified candidates will take the job without additional compensation. An unclassified position would allow us to promote candidates and provide adequate compensation.

It is our intent that each person who is in a field office supervisor position at the time legislation is enacted will be given the choice of retaining his or her classified status, or being appointed an unclassified Regional Manager. If a person chooses to retain their classified position, when that position becomes vacant in the future (due to retirement, an employee's decision to leave the agency, or otherwise), the commissioner will consider multiple factors in determining the necessity of appointing an unclassified Regional Manager in place of that classified position. This would also be the case in the future when an unclassified Regional Manager position would become vacant. Allowing the bank commissioner discretion to appoint Regional Managers to the unclassified service as needed, will provide more flexibility to deploy agency personnel as supervisory needs and circumstances dictate.

Agency has two Director of Examination positions, one in the Banking Division and one in the Consumer and Mortgage Lending Division. We wish to unclassify these Director of Examination positions, and make them into Financial Examiner Administrators in the unclassified service. As these positions supervise the current Field Office Supervisors, we think they should be unclassified as well.

We are not asking for additional FTEs as part of this legislative change. Unclassified appointments will only be made when a classified position is open and available to convert to an unclassified job.

Thank you. I would be happy to answer any questions you have.

Chart 1

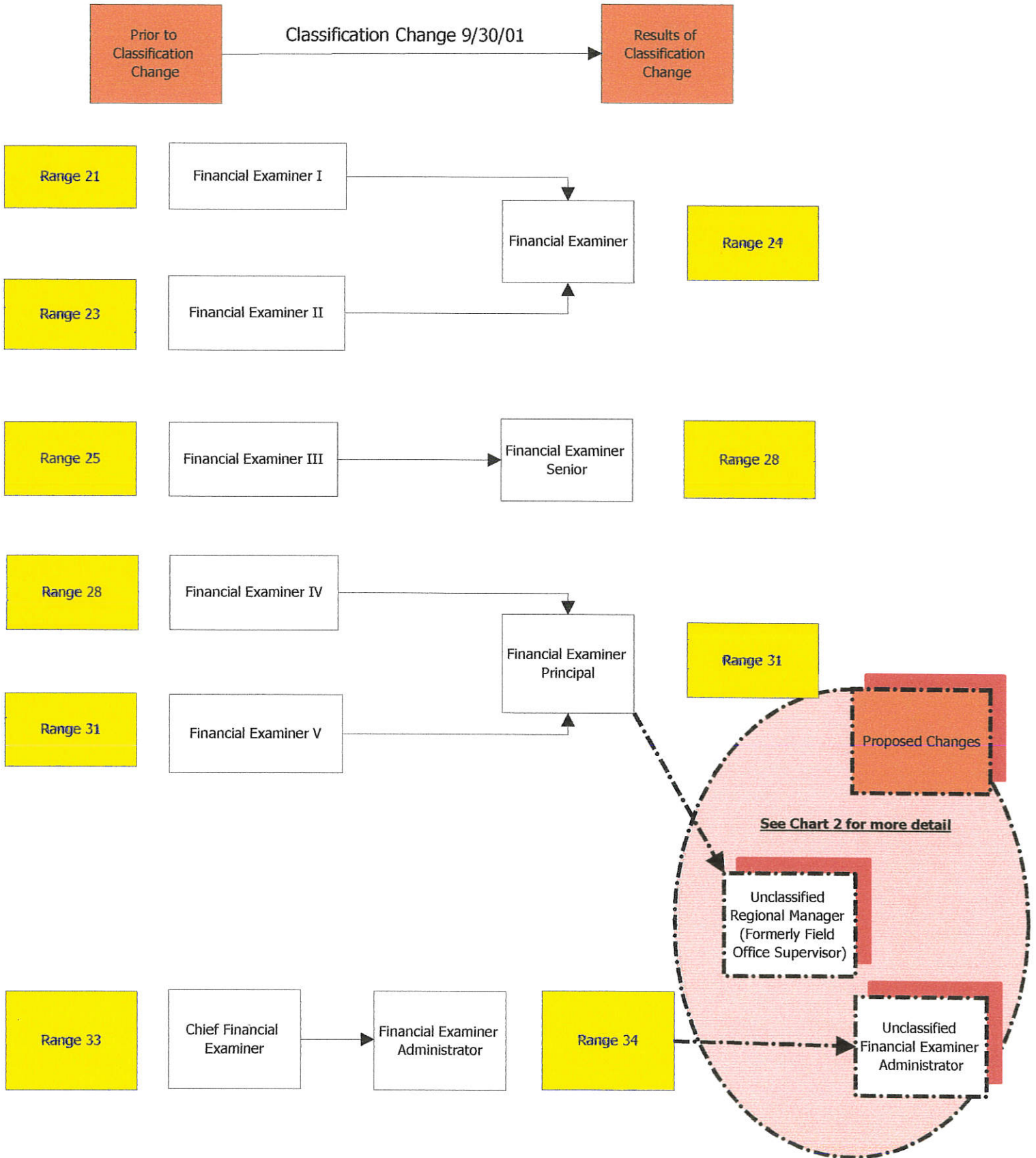
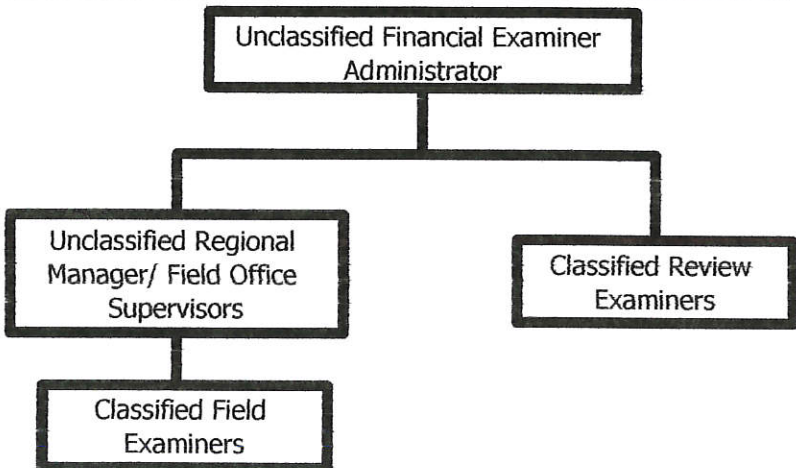
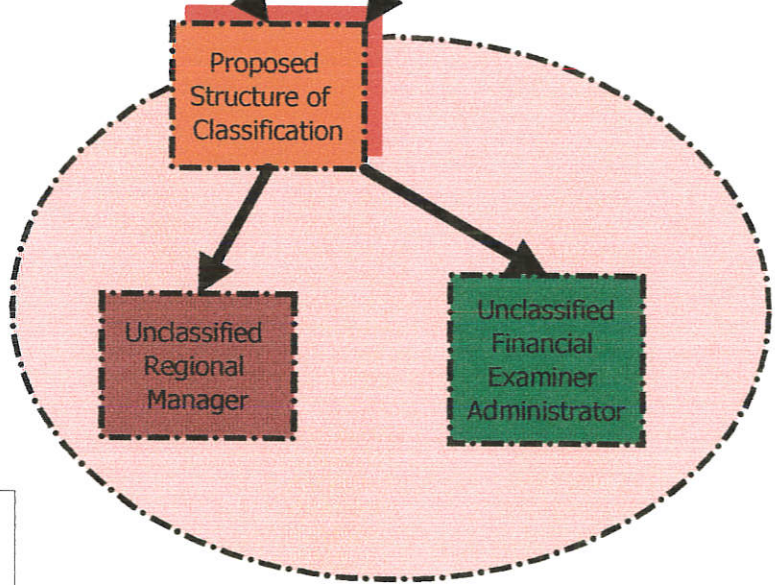
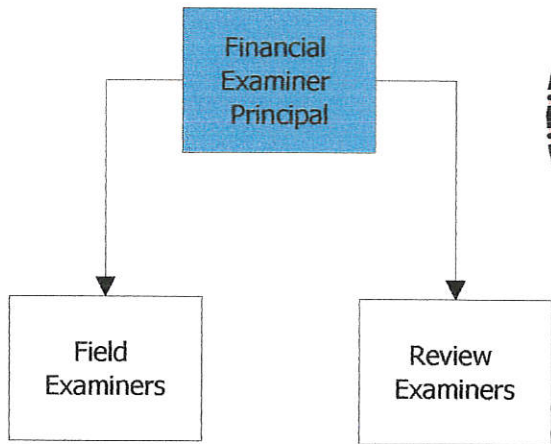
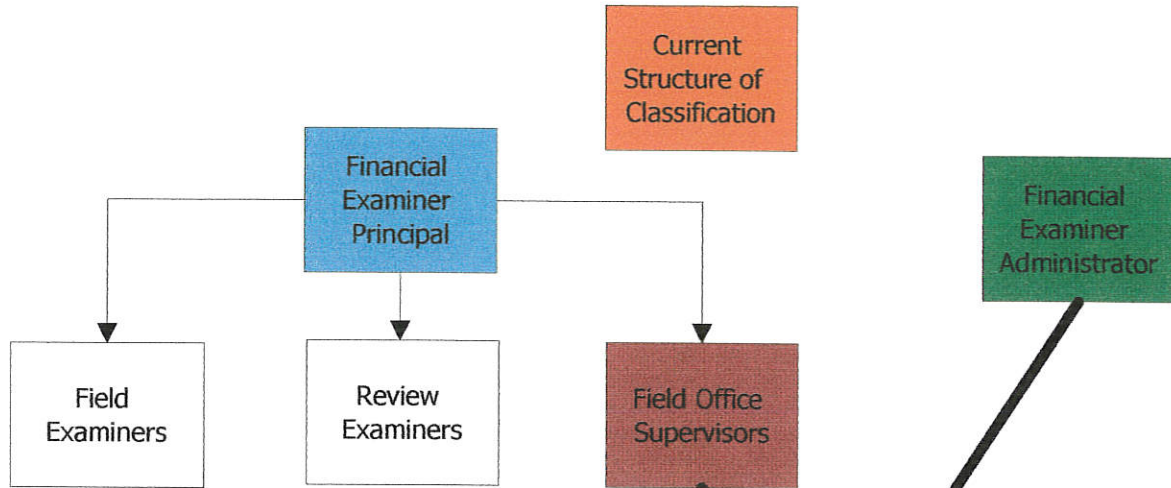


Chart 2



The newly created unclassified regional manager role would not necessarily translate to a one to one relationship with the current Field Office Supervisors. The Field Office Supervisors will be allowed to retain their current classification if so desired. At the point of a Field Office Supervisor vacancy, multiple factors will be taken into consideration when determining the necessity of replacing them with an Unclassified Regional Manager.